

INDEPENDENT ACCOUNTANT'S REPORT
ON COMPILATION AND APPLYING
AGREED-UPON PROCEDURES

TOWN OF INDIAHOMA, OKLAHOMA
INDIAHOMA PUBLIC WORKS AUTHORITY
INDIAHOMA COMMUNITY DEVELOPMENT CORP
June 30, 2014

Lisa Brooks
Certified Public Accountant

Town of Indianhoma, Oklahoma
Indianhoma Public Works Authority
Indianhoma Community Development Corporation

June 30, 2014

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Lisa Brooks
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Independent Accountant's Report on
Compilation and Agreed-Upon Procedures

To the Specified Users of the Report:

Town Board, Town of Indianoma
Indianoma, Oklahoma

Trustees of the Indianoma Public Works Authority
Indianoma, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

United States Department of Agriculture, Rural Development
Hobart, Oklahoma

I have compiled the accompanying Summary of Changes in Fund Balances-Modified Cash Basis of the Town of Indianoma, Indianoma Public Works Authority (a public trust), and Indianoma Community Development Corporation and related Budgetary Comparison Schedule of General and Other Significant Governmental Funds-Modified Cash Basis; Statement of Revenues, Expenses and Changes in Fund Balance-Modified Cash Basis and related USDA Form RD442-3 (required by USDA Rural Development) and Statement of Reserved Cash in Bank for the Indianoma Public Works Authority; and Statement of Revenues, Expenses and Changes in Fund Balance-Modified Cash Basis and related USDA Form RD442-3 (required by USDA Rural Development) for the Indianoma Community Development Corporation; and Schedule of Grant Activity-Cash Basis for the Town of Indianoma as of and for the fiscal year ended June 30, 2014, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared in a format prescribed by Oklahoma Statutes and required by the Office of State Auditor and Inspector and United States Department of Agriculture-Rural Development, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial

information in the form of financial statements without undertaking to obtain any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included, they might influence the user's conclusions about the Town's and Public Works Authority's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Additionally, I have performed the procedures enumerated below which were agreed to by the specified users of this report, as identified above, and as defined within the applicable state laws of the State of Oklahoma solely to assist the Town and Public Works Authority in meeting its financial accountability requirements as prescribed by Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3 for the fiscal year ended June 30, 2014. Management of the Town of Indianoma is responsible for the Town's financial accountability and its compliance with those legal requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the additional requirements prescribed in Oklahoma Statutes §11-17 (105-107) and §60-180.1-3. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

As to the **Town of Indianoma, Oklahoma**, as of and for the fiscal year ended June 30, 2014:

1. **Procedures Performed:** From the Town's trial balances, I prepared a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

Findings: No instances noted.

2. **Procedures Performed:** From the Town's trial balances, I prepared a budget and actual financial schedule for the General Fund and any other significant funds (see accompanying Exhibit 2) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: No instances noted.

3. **Procedures Performed:** Agreed Town's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: No instances noted.

4. **Procedures Performed:** Compared Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No instances noted.

5. **Procedures Performed:** Compared Town's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No instances noted.

6. **Procedures Performed:** Compared the accounting for the Town's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Findings: No instances noted.

7. **Procedures Performed:** Compared the Town's account balances in reserve accounts to contractually required balances and debt service requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Findings: No instances noted.

As to the **Indiahoma Public Works Authority**, as of and for the fiscal year ended June30, 2014:

1. **Procedures Performed:** From the Authority's trial balances, I prepared a schedule of revenues, expenses and changes in fund balance for each fund (see accompanying Exhibit 3) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

Findings: No instances noted.

2. **Procedures Performed:** From the Authority's trial balances, I prepared USDA Form RD 442-3 (see accompanying Exhibit 4) and a schedule of cash in bank (see accompanying Exhibit 5) and compared the schedule results to the applicable trust reserve requirements to report any noted instance of noncompliance.

Findings: No instances noted.

3. **Procedures Performed:** Agreed Authority's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: No instances noted.

4. **Procedures Performed:** Compared Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No instances noted.

5. **Procedures Performed:** Compared Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No instances noted.

6. **Procedures Performed:** Compared the accounting for the Authority's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Findings: No instances noted.

7. **Procedures Performed:** Compared the Authority's account balances in reserve accounts to contractually required balances and debt service requirements to report any noted instances of noncompliance.

Findings: No instances noted.

As to the **Indiahoma Community Development Corporation**, as of and for the fiscal year ended June30, 2014:

1. **Procedures Performed:** From the Corporation's trial balances, I prepared a schedule of revenues, expenses and changes in fund balance for each fund (see accompanying Exhibit 6).
2. **Procedures Performed:** From the Corporation's trial balances, I prepared USDA Form RD 442-3 (see accompanying Exhibit 7).
3. **Procedures Performed:** Agreed Corporation's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: No instances noted.

4. **Procedures Performed:** Compared Corporation's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No instances noted.

5. **Procedures Performed:** Compared Corporation's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No instances noted.

6. **Procedures Performed:** Compared the accounting for the Corporation's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Findings: No instances noted.

7. **Procedures Performed:** Compared the Corporation's account balances in reserve accounts to contractually required balances and debt service requirements to report any noted instances of noncompliance.

Findings: The Corporation lacks sufficient reserves to meet contractual requirements and relies entirely upon the Indianoma Public Works Authority for debt service.

As to **Grant Activities**, as of and for the fiscal year ended June30, 2014:

1. **Procedures Performed:** From the Town's trial balances and bank statements, I prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit 8) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreements.

Findings: No instances noted.

I was not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.



Lisa Brooks, CPA
September 8, 2014

**Town of Indianhoma, Oklahoma
 Indianhoma Public Works Authority
 Indianhoma Community Development Corporation
 Summary of Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2014
 (Unaudited)**

Exhibit 1

	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balances</u>
Town of Indianhoma:				
General Fund	\$ 225,123.22	69,044.55	52,022.19	\$ 242,145.58
Street and Alley Fund	\$ 8,336.28	3,318.66	1,949.23	\$ 9,705.71
Capital Improvements Fund	\$ -			\$ -
City Subtotal	<u>\$ 233,459.50</u>	<u>\$ 72,363.21</u>	<u>\$ 53,971.42</u>	<u>\$ 251,851.29</u>
 Indiahoma Public Works Authority	 <u>\$ 152,689.61</u>	 <u>184,457.38</u>	 <u>175,505.01</u>	 <u>\$ 161,641.98</u>
 Indiahoma Community Development Corporation	 <u>\$ 51,513.51</u>	 <u>4,716.20</u>	 <u>7,255.28</u>	 <u>\$ 48,974.43</u>
 Overall Totals	 <u><u>\$ 437,662.62</u></u>	 <u><u>\$ 261,536.79</u></u>	 <u><u>\$ 236,731.71</u></u>	 <u><u>\$ 462,467.70</u></u>

See Accountant's Report

Town of Indianhoma, Oklahoma
Budgetary Comparison Schedule
General and Other Significant Governmental Funds
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Exhibit 2
Page 1 of 2

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance-General Fund	202,458.84	225,123.22	22,664.38
Resources (Inflows)			
Taxes:			
Sales Tax	25,638.12	29,355.50	3,717.38
Use Tax	11,089.28	5,509.11	(5,580.17)
Alcohol Tax	1,140.80	980.32	(160.48)
Cigarette Tax	366.15	328.91	(37.24)
Motor Vehicle Tax	0.00	0.00	0.00
Total Taxes	38,234.35	36,173.84	(2,060.51)
Other:			
Franchise Fees	1,336.72	5,022.96	3,686.24
Lot Rent	4,386.67	1,680.00	(2,706.67)
Other Income	2,561.45	25,234.89	22,673.44
Total Other	8,284.84	31,937.85	23,653.01
Investment Income	942.26	932.86	(9.40)
Total Current Year Receipts	47,461.45	69,044.55	21,583.10
Amounts available for Appropriation	249,920.29	294,167.77	44,247.48
Charges to Appropriations (Outflows):			
Personal Services	35,000.00	13,708.66	21,291.34
Maintenance & Operations	145,000.00	38,313.53	106,686.47
Capital Outlay	60,000.00	0.00	60,000.00
Total Charges to Appropriations	240,000.00	52,022.19	187,977.81
Ending Budgetary Fund Balance-General Fund		242,145.58	

Town of Indianoma, Oklahoma
Budgetary Comparison Schedule
General and Other Significant Governmental Funds
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Exhibit 2
Page 2 of 2

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Street and Alley Fund			
Beginning Budgetary Fund Balance	8,536.99	8,336.28	(200.71)
Resources (Inflows)			
Gasoline Tax	600.00	632.43	32.43
Motor Vehicle Tax	2,600.00	2,681.80	81.80
Investment Income	5.00	4.43	(0.57)
Total Current Year Receipts	3,205.00	3,318.66	113.66
Transfers			0.00
Amounts available for Appropriation	11,741.99	11,654.94	(87.05)
Charges to Appropriations (Outflows):			
Personal Services	5,000.00	403.00	(4,597.00)
Maintenance & Operations	2,000.00	1,546.23	(453.77)
Capital Outlay	3,000.00	0.00	(3,000.00)
Total Charges to Appropriations	10,000.00	1,949.23	(8,050.77)
Ending Budgetary Fund Balance		9,705.71	
Capital Improvements Fund			
Beginning Budgetary Fund Balance	0.00	0.00	0.00
Resources (Inflows)			
Investment Income	0.00	0.00	0.00
Total Current Year Receipts	0.00	0.00	0.00
Transfers OUT		0.00	0.00
Amounts available for Appropriation	0.00	0.00	0.00
Charges to Appropriations (Outflows):			
Total Charges to Appropriations	0.00	0.00	0.00
Ending Budgetary Fund Balance		0.00	

Indiahoma Public Works Authority
Statement of Revenues, Expenses, and Changes in Fund Balance
For the fiscal year ended June 30, 2014
(Unaudited)

Exhibit 3

Operating Revenues:	
Water Revenue	71,108.98
Sewer Revenue	22,297.55
Sanitation Revenue	72,036.59
Late Fees	5,616.34
Miscellaneous Revenue	8,046.58
ICDC Rent	5,324.56
Total Operating Revenues	<u>184,430.60</u>
Operating Expenses:	
Water	60,538.98
Sewer	1,394.75
Sanitation	31,922.66
Personal Services	35,507.13
Maintenance and Operations	1,432.08
Interest	999.78
Depreciation	18,572.49
ICDC	20,421.14
Total Operating Expenses	<u>170,789.01</u>
Operating Income (Loss) from Operations	13,641.59
Non-Operating Revenues (Expenses):	
Interest Revenue	<u>26.78</u>
Income (Loss) before Transfers	13,668.37
Transfers Out	(4,716.00)
Net Income (Loss)	8,952.37
Fund Balance - Beginning of Year	<u>152,689.61</u>
Fund Balance - End of Year	<u><u>161,641.98</u></u>

See Accountant's Report

Form RD 442-3
(Rev 3-97)

Indiahoma Public Work Authority

(Unaudited)

	June 30, 2014	June 30, 2013
ASSETS		
CURRENT ASSETS		
1. Cash on hand in Banks	50,687.00	56,832.18
2. Time deposits and short-term investments		
3. Accounts receivable		
4. Less: Allowance for doubtful accounts		
5. Inventories		
6. Prepayments		
7.		
8.		
9. Total Current Assets	50,687.00	56,832.18
FIXED ASSETS		
10. Land		
11. Buildings		
12. Furniture and equipment		
13.	638,393.01	638,393.01
14. Less: Accumulated depreciation	(507,942.01)	(489,369.52)
15. Net Total Fixed Assets	130,451.00	149,023.49
OTHER ASSETS		
16.		
17.		
18. Total Assets	181,138.00	205,855.67
LIABILITIES AND EQUITIES		
CURRENT LIABILITIES		
19. Accounts Payable		
20. Notes payable		
21. Current portion of USDA note	5,076.00	5,076.00
22. Customer deposits	15,078.96	14,878.96
23. Taxes payable		
24. Interest payable		
25.		
26.		
27. Total Current Liabilities	20,154.96	19,954.96
LONG-TERM LIABILITIES		
28. Notes payable USDA	12,691.12	16,767.34
29.		
30.		
31. Total Long-Term Liabilities	12,691.12	16,767.34
32. Total Liabilities	32,846.08	36,722.30
EQUITY		
33. Retained earnings	163,370.88	184,012.33
34. Memberships	(15,078.96)	(14,878.96)
35. Total Equity	148,291.92	169,133.37
36. Total Liabilities and Equity	181,138.00	205,855.67

See Accountant's Report

Indiahoma Public Works Authority
Statement of Reserved Cash in Bank
June 30, 2014
(Unaudited)

Exhibit 5

Customer Meter Deposits	15,086.37
Rural Development	
PWA #92-02 (\$423 x 12 mo)	5,076.00
ICDC #97-01 (\$393 x 12 mo)	4,716.00
	<hr/> 9,792.00
Total Cash Reserves Required	24,878.37
Operating Checking	35,600.63
Deposit Checking	15,086.37
	<hr/> 50,687.00
Excess of cash on hand over reserves required	25,808.63

See Accountant's Report

Indiahoma Community Development Corporation
Statement of Revenues, Expenses, and Changes in Fund Balance
For the fiscal year ended June 30, 2014

Exhibit 6

Operating Revenues:	
Total Operating Revenues	0.00
Operating Expenses:	
Interest	1,680.28
Depreciation	5,575.00
Total Operating Expenses	<u>7,255.28</u>
Operating Income (Loss) from Operations	(7,255.28)
Non-Operating Revenues (Expenses):	
Interest Revenue	<u>0.20</u>
Income (Loss) before Transfers	(7,255.08)
Transfers In	4,716.00
Net Income (Loss)	(2,539.08)
Fund Balance - Beginning of Year	<u>51,513.51</u>
Fund Balance - End of Year	<u><u>\$48,974.43</u></u>

See Accountant's Report

Form RD 442-3
(Rev 3-97)

Indiahoma Community Development Corporation

(Unaudited)

	June 30, 2014	June 30, 2013
ASSETS		
<u>CURRENT ASSETS</u>		
1. Cash on hand in Banks	394.00	393.80
2. Time deposits and short-term investments		
3. Accounts receivable		
4. Less: Allowance for doubtful accounts		
5. Inventories		
6. Prepayments		
7.		
8.		
9. Total Current Assets	394.00	393.80
<u>FIXED ASSETS</u>		
10. Land	20,000.00	20,000.00
11. Buildings	222,993.00	222,993.00
12. Furniture and equipment		
13.		
14. Less: Accumulated depreciation	(169,782.00)	(164,207.00)
15. Net Total Fixed Assets	73,211.00	78,786.00
<u>OTHER ASSETS</u>		
16.		
17.		
18. Total Assets	73,605.00	79,179.80
LIABILITIES AND EQUITIES		
<u>CURRENT LIABILITIES</u>		
19. Accounts Payable		
20. Notes payable		
21. Current portion of USDA note	4,716.00	4,716.00
22. Customer deposits		
23. Taxes payable		
24. Interest payable		
25.		
26.		
27. Total Current Liabilities	4,716.00	4,716.00
<u>LONG-TERM LIABILITIES</u>		
28. Notes payable USDA	27,228.75	30,264.47
29.		
30.		
31. Total Long-Term Liabilities	27,228.75	30,264.47
32. Total Liabilities	31,944.75	34,980.47
<u>EQUITY</u>		
33. Retained earnings	41,660.25	44,199.33
34. Memberships		
35. Total Equity	41,660.25	44,199.33
36. Total Liabilities and Equity	73,605.00	79,179.80

See Accountant's Report

Town of Indianhoma, Oklahoma
Schedule of Grant Activity-Cash Basis
For the Fiscal year Ended June 30, 2014
(Unaudited)

Exhibit 8

	<u>Beginning Unexpended Grant Funds</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>Ending Unexpended Grant Funds</u>
REAP Indianhoma 12-2261	\$23,545	\$0	\$0	\$23,545
REAP Indianhoma 14-2266	\$0	\$20,367	\$20,367	\$0
ASCOG CIP 13-3007-1	\$0	\$5,680	\$5,680	\$0
Water Resources Board	\$0	\$59,672	\$0	\$59,672
Total	<u>\$23,545</u>	<u>\$85,719</u>	<u>\$26,047</u>	<u>\$83,217</u>

See Accountant's Report

Selected Additional Information

On April 12, 1983, USDA Rural Development granted Loan #97-01 to Indianahoma Community Development Corporation (ICDC) to finance commercial rental real estate in the Town of Indianahoma, Oklahoma. This loan is guaranteed by Indianahoma Public Works Authority (a public trust). Subsequently, ICDC ceased to function as a viable entity and effectively defaulted on the loan. The Public Works Authority has met its obligation as guarantor, making scheduled payments in timely manner.

When ICDC ceased to operate, there was no legal dissolution of the corporation or transfer of title to the property. The loan requirement for an annual financial audit of ICDC cannot be met because there is no Board of Directors to engage an auditor, no financial statements to audit, or funds with which to pay for such audit.

Cash transactions resulting from the Public Works Authority's involvement with this loan and related property are reflected in the accompanying financial statements in a manner consistent with that utilized in prior years.